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SUBJECT: OPPORTUNITIES FOR ENERGY ENGAGEMENT: A/S SULLIVAN MEETING
WITH CHILEAN ENERGY MINISTER

REF: SANTIAGO 759

1. (SBU) SUMMARY: On August 22, EEB A/S Sullivan and Minister Tokman discussed Chile's progress on energy issues since their December 2007 meeting. Tokman commented favorably on U.S.-Chile cooperation on energy issues and focused on Chile-California activities, the domestic nuclear debate, Chile's proposed virtual national renewable energy center, and the country's quest for membership in both the Organization for Economic Cooperation and Development (OECD) and the International Energy Agency (IEA). A/S Sullivan encouraged on-going U.S.-Chile collaboration, particularly through the U.S. National Renewable Energy Lab (NREL), and offered assistance on both the OECD and IEA membership processes. Based on this exchange and other recent discussions with Minister Tokman (REFTEL), this may be an opportunity for Post to arrange a visit for him to NREL tailored to his specific interests. END SUMMARY.

Tokman Highlights Progress on Chile-California

2. (SBU) On August 22, EEB A/S Sullivan, WHA PDAS Ambassador Kelly, WHA EPSC Director Matthew Rooney, TPP Senior Policy Advisor Mikael Lurie, DCM Carol Urban and ESTH officer met with Energy Minister Marcelo Tokman, Director of Policy, Claudio Huepe, and Deputy Director of International Affairs at the National Energy Commission, Corissa Petro. A/S Sullivan expressed interest in learning about energy developments in Chile since his meeting with Tokman last December.

3. (SBU) Tokman highlighted ongoing efforts under the Chile-California Partnership for the 21st Century ("Chile-California"), including contacts with the California Energy Commission (CEC) and Lawrence Berkeley National Lab (LBNL). Chile is working with both CEC and California's Pacific Gas and Electric (PG and E) utility company to examine different tariff structures and to evaluate which aspects of California's regulatory framework might work in Chile. Tokman noted that someone from LBNL is currently in Chile to conduct surveys on energy end-use in order to develop a conservation supply curve (CSC). [Note: CSCs are economic models used to estimate the potential benefits of energy conservation. End note.]

Increased Public Consensus on Nuclear Debate?

4. (SBU) Tokman commented briefly on a recent informative Nuclear Regulatory Commission presentation on deregulation. He explained that, despite resistance from environmentalists, there is greater public consensus on the need to analyze the nuclear alternative as part of the solution for meeting Chile's projected energy demands

for 2020. He was frustrated with the simplistic view held by much of the public that the decision to "go nuclear" could be made and implemented quickly enough to solve the current energy crisis. He would like to center the discussion on long-term planning and institutional effort.

Renewable Energy Center

15. (SBU) Listing some of the country's potential in natural resources (geothermal, tides, wind and solar), Tokman outlined Chile's plan to launch a renewable energy center that will start as a virtual center and eventually conduct research and development (REFTEL). According to Tokman, Chile does not want to duplicate international or regional research efforts, but would like to have agreements to share knowledge with the global network of research centers. He added that Chile could benefit from U.S. technical innovation, and that the country is trying to systemize and publish maps of its solar radiation, tides and wind potential to help promote its resources. Chile would host the center, but make information and products available to the region, especially the Union of South American Nations (UNASUR). Elaborating on the Inter-American Development Bank's assistance, Tokman said there is a Dutch expert coming to Chile within the next 2-3 weeks to help devise an institutional model for the proposed center.

16. (SBU) Following up on his recent discussion with Dr. Doug Arent, Director of the Strategic Energy Analysis and Applications Center at NREL, Tokman again expressed interest in working with NREL (REFTEL), which A/S Sullivan fully endorsed. A/S Sullivan also mentioned NREL's interest in increasing the number of MOUs between its labs

and other G-8 research labs, as well as broadening cooperation generally. Tokman reiterated his interest in NREL's institutional structure and expressed his desire to learn more about project financing and NREL's efforts on micro-algae (REFTEL). He commented on Chile's potential, given the country's algae and solar resources, as a site for a pilot or R&D project.

Taking Steps on OECD and IEA Memberships

17. (SBU) Tokman also met recently with International Energy Agency Executive Director Nubuo Tanaka and his Deputy, Ambassador William Ramsay, in Paris. According to Tokman, once Chile is accepted into the Organization for Economic Cooperation and Development (OECD), its next goal is to participate in the International Energy Agency (IEA). In response to A/S Sullivan's question about the process, Tokman identified Chile's need (1) to understand the requirements for membership; and (2) to survey the energy sector, a process that is already underway. Both Tokman and Huepe suggested inviting experts to Chile to provide both an in-depth review of the sector and educational seminars. A/S Sullivan offered the assistance of his own office, plus that of Ambassador Simons and Post on OECD and IEA issues.

COMMENT: Opportunity for Chile-NREL Collaboration

18. (SBU) During the meeting, Tokman mentioned his August 11 discussion with NREL's Dr. Arent and a pending U.S. Trade Development Agency (TDA) orientation visit on renewables, planned for October 2008 (REFTEL). Post has been actively engaged with TDA on organizing the visit, which does not specifically include biofuels issues, and has been trying to arrange dates when Tokman could join the delegation. However, given that the GOC (not TDA) would cover the costs of his visit to the U.S., and that Dr. Arent has offered NREL's assistance, Post believes this would be a good opportunity to arrange a visit to NREL to focus on Tokman's particular interests: (1) institutional structure and partnership arrangements; (2) biofuels/micro-algae research, including project financing and possible pilot projects in Chile. END COMMENT.

19. (U) A/S Sullivan and PDAS Kelly cleared this cable.

SIMONS